

Background

As discussed under Agenda Item VIIb, the State stopped authorization of new bond-funded grants back in December 2008 as a means of preserving cash flow during the State's fiscal crisis. The freeze affected not only payments to projects already underway, but also authorization of new grants.

To preserve as much flexibility as possible in the hopes that new money would become available later in the year, the Board acted in March to extend the life of all remaining applications – Competitive and Strategic Opportunity Grants (SOGs) – to December 31, 2009. These applications normally would have expired at the end of the fiscal year (June 30).

At the September meeting, the Board directed staff to bring the issue back in December to consider whether the SOG applications should be allowed to sunset, based on the current information on future bond sales.

Current Status

The SNC received notification in early November that the October bond sale generated enough funds to fully fund all our remaining FY 2007-08 projects as well as the projects authorized in the first round of FY 2008-09. However, with that news came the warning that it was unlikely the State Treasurer's Office would conduct another bond sale for new resource-oriented projects until sometime next year. As a result, it looks highly unlikely that the SNC will be able to authorize new projects in the near future.

Many applicants will be able to submit a new application for their project when the SNC initiates a new round of grant funding, once funding becomes available. It should be noted, that because of changes in the Guidelines, some projects may not be eligible for resubmission.

Recommendation

Staff recommends that the Board maintain the sunset date of December 31, 2009 for the remaining Strategic Opportunity Grant applications from FY 2008-09, consistent with the decision from the March Board meeting; and further direct staff to communicate this decision to all affected applicants.